

## Message Text

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PAGE 01 OTTAWA 02212 132242Z

72

ACTION EB-11

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DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 PA-03 USIA-15

PRS-01 SPC-03 SS-15 NSC-10 DRC-01 /108 W

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R 132153Z SEP 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 1732

UNCLAS OTTAWA 2212

E.O. 11652: N/A

TAGS: ETRN, CA

SUBJECT: CIVAIR: ROUTE NEGOTIATIONS - PRESS COVERAGE.

REF : OTTAWA 2196

1. TORONTO GLOBE AND MAIL THIS MORNING CARRIES MAJOR ARTICLE SUMMARIZING POLITICAL AND COMMERCIAL REACTION TO MARCHAND ANNOUNCEMENT. ARTICLE COMMENCES WITH STATEMENT THAT EXPANSION OF AIR ROUTES "APPEARS TO HAVE ESTABLISHED AT LEAST TACITLY IF NOT OPENLY A CONTINENTAL AIR POLICY FOR THE TWO COUNTRIES." HOWEVER, WRITER DOES NOT DEVELOP HIS THEME FURTHER.

2. AIR CANADA DESCRIBED AS SATISFIED WITH PACKAGE WHILE CP AIR IS CRITICAL. PRESIDENT GILMER CHARGED CANDEL WITH CAPITULATING AT LEAST MOMENT, A CHARGE HE ALSO MADE IN CBC-TV INTERVIEW LAST NIGHT, WHERE HE ALSO STATED CANADA HAS IN-ADEQUATE "CLOUT" IN COMPARISON WITH THAT OF U.S. GOVERNMENT. GOLMER FORECAST DIVERSION FROM CP TRAFFIC ON VANCOUVER-HAWAII ROUTE AND FROM WINNIPEG-ANCHORAGE SERVICE TO FAR EAST.

3. PACIFIC WESTERN'S WATSON SEES BETTER BALANCE ON ROUTES RESULTING FROM AGREEMENT, BUT SAYS CANADA HAS NOT COME OUT A WINNER. TRANSAIR'S MORRISON ASTOUNDED THAT CAN NEGOTIATORS WOULD PERMIT SUCH EXTENSIVE PENETRATION INTO CANADA BY U.S. CARRIERS.

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PAGE 02 OTTAWA 02212 132242Z

4. NORDAIR'S LE FRANCOISE STRESSED HIS FEARS THAT GOC MAY GIVE WAY FURTHER IN CHARTER TALKS ESPECIALLY IN RELATION TO ITC MARKET. HE INDICATED ALL FIVE REGIONAL CARRIERS HAVE INFORMED FEDERAL GOVERNMENT THEIR FEARS OF BECOMING "THE VICTIMS OF U.S. ENTRY INTO THE CANADIAN CHARTER MARKET IN EXCHANGE FOR DEEP PENETRATION SCHEDULED ROUTES INTO US".

5. POLITICAL REACTIONS ONLY FROM WEST AND SIMILAR TO THOSE REPORTED IN WINNIPEG 303.

6. MONTREAL GAZETTE CARRIED THIS MORNING CP WIRE SERVICE STORY PROVIDING SIMILAR REACTIONS FROM AIR CANADA AND CP AIR. HOWEVER, LEAD PARAGRAPHS PLAY UP MARCHAND STATEMENT IN PARLIAMENT WEDNESDAY THAT US HAD INDICATED IT IS WILLING TO CONSIDER PROPOSED CHANGES BEFORE AGREEMENT IS RATIFIED. IN RESPONSE TO NDP QUESTION MARCHAND REPORTEDLY INDICATED GOC WOULD LOOK INTO POSSIBILITY OF CANADIAN CARRIER ON WASHINGTON-OTTAWA ROUTE.

7. MONTREAL GAZETTE EDITORIAL THIS MORNING DOES NOT CRITICIZE SUBSTANCE OF ROUTE AGREEMENT, BUT EMPHASIZES NEED FOR GOC "TO MOVE WITH MORE EFFICIENCY AND DETERMINATION WITH ITS CURRENT SERIES OF BILATERAL AIRLINE AGREEMENTS WITH THE UNITED STATES THAN IT HAS WITH ITS LAST TREATY WITH ITALY." US AGREEMENT DESCRIBED AS MAJOR STEP IN RIGHT DIRECTION IN "INCREASING THE FREQUENCY OF TRANSPORTATION BETWEEN CENTERS ALL OVER THE CONTINENT WITH SUBSEQUENT BENEFITS TO ALL TRAVELLERS." NOTES NEED FOR SPEED IN DESIGNATING CANADIAN CARRIERS SO THAT FAILURE TO DESIGNATE (AS WAS THE CASE WITH MILAN) DOES NOT IMPEDE CANADA'S ABILITY TO COMPETE EFFECTIVELY ON NEW ROUTES.

8. CLIPPINGS BEING SENT TO STATE OA - STYLES.  
SCHMIDT

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